

an appraisal management company, or any other person with an interest in a real estate transaction from asking an appraiser to provide 1 or more of the following services:

(A) Consider additional, appropriate property information, including the consideration of additional comparable properties to make or support an appraisal.

(B) Provide further detail, substantiation, or explanation for the appraiser's value conclusion.

(C) Correct errors in the appraisal report.

(3) PROHIBITIONS ON CONFLICTS OF INTEREST.—No certified or licensed appraiser conducting an appraisal may have a direct or indirect interest, financial or otherwise, in the property or transaction involving the appraisal.

(4) MANDATORY REPORTING.—Any mortgage lender, mortgage broker, mortgage banker, real estate broker, appraisal management company, employee of an appraisal management company, or any other person with an interest in a real estate transaction involving an appraisal who has a reasonable basis to believe an appraiser is violating applicable laws, or is otherwise engaging in unethical conduct, shall refer the matter to the applicable State appraiser certifying and licensing agency.

(5) REGULATIONS.—The Federal financial institutions regulatory agencies (as defined in section 1003(1) of the Federal Financial Institutions Examination Council Act of 1978) shall prescribe such regulations as may be necessary to carry out the provisions of this subsection.

(6) PENALTIES.—Any person who violates any provision of this subsection shall be subject to civil penalties under section 8(i)(2) of the Federal Deposit Insurance Act or section 206(k)(2) of the Federal Credit Union Act, as appropriate.

(7) PROCEEDING.—A proceeding with respect to a violation of this subsection shall be an administrative proceeding which may be conducted by a Federal financial institutions regulatory agency in accordance with the procedures set forth in subchapter II of chapter 5 of title 5, United States Code.

(n) APPROVED EDUCATION.—The Appraisal Subcommittee shall encourage the States to accept courses approved by the Appraiser Qualification Board's Course Approval Program.

#### SEC. 704. STUDY REQUIRED ON IMPROVEMENTS IN APPRAISAL PROCESS AND COMPLIANCE PROGRAMS.

(a) STUDY.—The Comptroller General shall conduct a comprehensive study on possible improvements in the appraisal process generally, and specifically on the consistency in and the effectiveness of, and possible improvements in, State compliance efforts and programs in accordance with title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. In addition, this study shall examine the existing de minimis loan levels established by Federal regulators for compliance under title XI and whether there is a need to revise them to reflect the addition of consumer protection to the purposes and functions of the Appraisal Subcommittee.

(b) REPORT.—Before the end of the 18-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit a report on the study under subsection (a) to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, together with such recommendations for administrative or legislative action, at the Federal or State level, as the Comptroller General may determine to be appropriate.

#### SEC. 705. CONSUMER APPRAISAL DISCLOSURE.

(a) IN GENERAL.—Chapter 2 of the Truth in Lending Act (15 U.S.C. 1631 et seq.) is amend-

ed by inserting after section 129D (as added by section 702) the following new section:

#### “SEC. 129E. CONSUMER APPRAISAL DISCLOSURE.

“In any case in which an appraisal is performed in connection with an extension of credit secured by an interest in real property, the creditor or other mortgage originator shall make available to the applicant for the extension of credit a copy of all appraisal valuation reports upon completion but no later than 3 business days prior to the transaction closing date.”.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 2 of the Truth in Lending Act is amended by inserting after the item relating to section 129D (as added by section 702) the following new item:

“129E. Consumer appraisal disclosure.”.

The CHAIRMAN. Pursuant to House Resolution 825, the gentleman from Pennsylvania (Mr. KANJORSKI) and a member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Pennsylvania.

Mr. KANJORSKI. Mr. Chairman, I've long said that predatory lending is a complex problem that requires a comprehensive solution. The adoption of my amendment will make this bill more complete.

This amendment is based on the Escrow, Appraisal and Mortgage Servicing Improvements Act, H.R. 3837, which the Financial Services Committee approved last week on a voice vote. In brief, this amendment would improve mortgage servicing, better escrowing practices, and enhance appraiser oversight.

I am pleased that several Members of both sides of the aisle have joined me to put forward this worthwhile amendment. This proposal also has the support of many outside of this Chamber, including the Appraisal Institute, the National Association of Realtors, the National Association of Mortgage Brokers, and the Center for Responsible Lending, to name a few.

While there are many components to this proposal, I would like to highlight three of its key provisions. First, it would mandate the establishment of escrows for those borrowers who meet certain tests to protect them from tax liens and costly force placed insurance. We have learned that the subprime borrowers are substantially less likely than prime borrowers to have escrows, even though they are more likely to need help in budgeting for these substantial expenses.

Secondly, the amendment reforms mortgage servicing by mandating swifter response times to consumer inquiries. This change ought to help ensure that those homeowners who need help in the coming months will receive expedited assistance from their mortgage servicers.

Third, the amendment would establish enforceable national appraisal independence standards with sufficient penalties. The appraisal field is one that demands reform, as evidenced by 90 percent of the appraisers reporting pressure to inflate values. Appraisals verify the value of the collateral for the buyer, the seller, the lender, and

the investor. Protection from pressure is, therefore, vital.

Two other issues in this amendment that deserve mention today include the prompt crediting of payments by servicers and providing borrowers with timely access to all appraisals. Going forward, we will work to polish the wording of the former. We will also conform the language of the latter to the existing standards of the Equal Credit Opportunity Act.

In sum, Mr. Chairman, my amendment should be part of the legislative response to improve lending practices and enhance accountability. I encourage every one of my colleagues to support this.

I reserve the balance of my time.

Mrs. BIGGERT. Mr. Chairman, I claim the time in opposition, although I am not opposed.

The CHAIRMAN. Without objection, the gentlewoman from Illinois is recognized for 5 minutes.

There was no objection.

Mrs. BIGGERT. Mr. Chairman, I would like to echo the remarks of Mr. KANJORSKI and thank him and my colleagues, Mr. HODES, Mrs. CAPITO and Ms. MOORE, for working on this amendment, which is based on H.R. 3837, the Escrow, Appraisal and Mortgage Servicing Improvements Act.

Overall, this amendment addresses deceptive, abusive and fraudulent mortgage lending practices related to titles on escrow accounts, mortgage servicing and appraisals. We worked hard following our markup last week to clean up language in this amendment regarding the prompt crediting of payments and Truth in Lending Act and the Real Estate Settlement Procedures Act, commonly known as RESPA, liability, in addition to making several more technical changes.

We have more to do, especially further developing the language in the payments and escrow sections in this bill; but I'm confident that, based on the bipartisan progress that we've made this far, we can work out our differences as the bill continues to move through the legislative process.

Again, I thank Mr. KANJORSKI and my colleagues from both sides of the aisle for their hard work and cooperation on this amendment. It has broad bipartisan support, and I urge my colleagues to vote for it.

I reserve the balance of my time.

Mr. KANJORSKI. Mr. Chairman, may I inquire what time we have left.

The CHAIRMAN. The gentleman from Pennsylvania has 2 minutes. The gentlewoman from Illinois has 3½ minutes.

Mr. KANJORSKI. Mr. Chairman, I yield 1 minute to the gentleman from New Hampshire (Mr. HODES).

Mr. HODES. Mr. Chairman, I thank Representative KANJORSKI, the chairman of the Capital Markets Subcommittee, for yielding me this time.

I believe that this amendment is a good complement to Chairman FRANK's antipredatory lending bill, and I commend colleagues on both sides of the